



*United States Attorney  
Southern District of New York*

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**FORMER EXECUTIVE WITH AFFILIATED COMPUTER  
SERVICES CONVICTED AFTER JURY TRIAL**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMURO, the Assistant Director In Charge of the New York Field Office of the FBI, announced that JAMES DONNELL, a former Vice President of Affiliated Computer Services ("ACS"), was convicted by a jury today in Manhattan federal court of multiple counts of conspiracy and mail fraud for his participation in a scheme to defraud numerous ACS clients of approximately \$3.8 million by fraudulently inflating customer invoices.

According to the evidence at trial, ACS maintained facilities in Utica and Woodbury, New York, that provided "back office" services to dozens of banks and credit unions located in New York State. These services included printing, postage metering, mailing and check and data processing services.

According to the evidence at trial, from 1997

until 2000, DONNELL, the highest ranking executive officer in ACS's New York State operations, ran all of ACS's "back office services" operations in New York State. As Vice President for Operations, he managed approximately 400 employees in both the Utica and Woodbury facilities of ACS. DONNELL in turn reported directly to ACS's corporate headquarters located in Dallas, Texas.

According to the evidence at trial, between 1997 and 2000, DONNELL instructed several employees in both the Utica and Woodbury branches of ACS to fraudulently alter billing records in various of ACS's service areas, and to mail hundreds of fraudulently inflated invoices to the various banks and credit unions that were ACS's customers. The evidence also showed that DONNELL himself made numerous handwritten notations on ACS records reflecting fraudulent billing increases.

According to the evidence at trial, as a result of these numerous fraudulent overbillings, DONNELL and others acting at his direction falsely inflated ACS's revenues, and, based on those false revenues, DONNELL obtained for himself enhanced yearly bonuses which were determined in part by the annual financial performance of ACS's New York State "back office" services operations.

According to the evidence at trial, among the more than 60 banks and credit unions that were victimized by the fraud scheme were Dime Savings Bank of New York, Flushing Savings Bank,

Long Island Savings Bank, Home Federal Savings Bank, Suffolk County National Bank and Atlantic Bank of New York. The evidence at trial established that within months after ACS uncovered the fraudulent scheme in early 2001, ACS repaid all of these banks the amounts they had been overcharged, including interest in excess of \$200,000.

DONNELL was convicted of 1 count of conspiracy and 4 counts of mail fraud. United States District Judge JED S. RAKOFF, who presided over the trial, scheduled sentencing for May 10, 2004.

DONNELL faces a maximum sentence of 5 years in prison on the conspiracy count and 30 years in prison on each of the mail fraud counts. The defendant also faces a maximum fine of \$250,000 or twice the gross gain or loss resulting from the crime on the conspiracy count, and a maximum fine of \$1 million on each of the five mail fraud counts.

Mr. KELLEY, a member of President's Corporate Fraud Task Force, praised the investigative efforts of the FBI in this case.

Assistant United States Attorneys JONATHAN S. ABERNETHY and DAVID M. SIEGAL are in charge of the prosecution.

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